Venture Capital

Venture Capital is the name for the capital invested in the business development, i.e. the capital invested in a business foundation, start-up and further development on the basis of quality and realistic business plan. Venture capital is thus the medium to long-term investments into start-up or undeveloped businesses. Venture capital is typically used to:

- Financing early stages of business (such as market research, product and service development, creating a business plan, starting a business)
- Financing the products development (such as marketing, launching commercial sales)
- Financing growth to accelerate the expansion of the company (for example, increase in production capacity, enter new markets, increase in working capital)

Venture Capital is part of private equity investments. It is therefore of private capital, which may be used by a new or beginning enterprise as one of the options to finance its activities, if it doesn’t have sufficient funds of its own or can’t or does not want to get financial resources any other way in the capital and money market, and at the same time has the potential to grow.

Use of the Venture Capital in practice: Obtaining funding through Venture capital is usually used by starting small or medium-sized enterprises to finance start of their business (usually development, development projects) or as a tool for the expansion of their working capital in the absence of equity and credit resources. For enterprises, this is one of the financing options of usually innovative projects with the potential for rapid growth. Venture capital is usually inserted into the enterprise through capital and the venture capital company in addition to this brings expertise and technical assistance (so-called smart money). It may even have a form of active participation of experienced people from Venture Capital company in the management and / or assistance in expanding business contacts. Venture capital is one of the more risky, therefore the investor expects a big return on capital employed (20-30%).

Other information and sources (International)

- EVCA (European Venture Capital Association)
- Investopedia
- Venture Capital
- NVCA (National Venture Capital Association)
- Wikipedia EN
- Venture Capital